GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:691
ANSWERED ON:28.04.2016
Revision in Royalty Rates
Patle Smt. Kamla Devi

Will the Minister of COAL be pleased to state:

(a) whether the Government has revised the rates of royalty of minerals except coal, if so, the mineral-wise details thereof;
(b) whether the basic price of coal is fixed by the Coal India Limited, if so, the details thereof;
(c) whether the separate basic prices are fixed for the power Sector and non-power sector, if so, the details thereof and reasons therefor;
(d) whether the Government is contemplating to fix only one basic price and increase the royalty rate to 30 per cent, if so, the details thereof;
(e) whether any proposal has been received from the Government of Chhattisgarh in this regard; and
(f) if so, the details thereof and the action taken by the Government thereon?

Answer

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL, POWER AND NEW & RENEWABLE ENERGY

(SHRI PIYUSH GOYAL)

(a) The Ministry of Mines has revised the rates of royalty for minerals other than coal, lignite and sand for stowing, with effect from 01st September 2014, which have been published in the Gazette of India vide Notification No. 630 (E) dated 01.09.2014. A copy of the said Gazette notification is enclosed as annexure.

(b) & (c)After complete decontrol of coal prices w.e.f. 01.01.2000, Coal India Limited (CIL) fixes the basic prices of raw coking and non-coking coal produced by CIL and its subsidiary companies. The coal companies fix the coal price based on input costs, inflation index, market trends etc

In the price revision effective from 27.02.2011, for the first time the concept of dual pricing was adopted by CIL i.e. one price for consumers in the Power utilities (including independent power producers), Fertlizers and Defence (Regulated Sector) and another for consumers other than regulated sectors.The prices for the non-regulated sector (except for higher grade) are kept higher by around 35% than that for regulated sector. Since the prices of end products of coal consuming industries in the non-regulated sector are market driven, the price of coal for non-regulated sector are fixed at a level closer to the market price of coal.

(d) Fixing the price of coal is not in the domain of Government. The royalty rate revision is in Governments' domain, which is being considered by study group.

(e) MOC has received comments from Govt. of Chhattisgarhto increase the rate of royalty from existing 14 % to 30 % in response to the questionnaire circulated to all stakeholders by the Study Group constituted to consider the revision of rate of royalty.

(f) Study Group on revision of rates of royalty on Coal and Lignite has not yet made any final report in this regard.

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